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Attorneys for Creditor  
Electronic Cash Systems, a division of  
US Alliance Group, and CardFlex Inc.

UNITED STATES BANKRUPTCY COURT  
CENTRAL DISTRICT OF CALIFORNIA  
LOS ANGELES DIVISION

In re  
KREISS ENTERPRISES, INC., a California  
corporation,  
Debtor.

Case No. 2:13-bk-21466-NB

Chapter 11

**OBJECTION TO NOTICES OF  
INSIDER COMPENSATION FOR  
THOMAS J. KREISS AND LOREN  
KREISS**

DATE: [TO BE SET BY DEBTOR]  
TIME:  
PLACE: Courtroom 1545  
255 E. Temple Street  
Los Angeles, California

**TO THE HONORABLE NEIL BASON, UNITED STATES BANKRUPTCY  
JUDGE, THE UNITED STATES TRUSTEE, DEBTOR KREISS ENTERPRISES,  
INC., AND ITS ATTORNEYS OF RECORD, THE 20 LARGEST CREDITORS  
AND THOSE ENTITLED TO NOTICE:**

Electronic Cash Systems, a division of US Alliance Group ("*ECS*") through its  
independent sales organization CardFlex, Inc. ("*CardFlex*") and creditor of the Debtor  
hereby objects the Notices of Setting/Increasing Insider Compensation (collectively  
"*Notices*") filed by the Debtor on behalf of Thomas J. Kreiss and Loren Kreiss  
(collectively, the "*Insiders*"). ECS and CardFlex are the credit and debit card processors

for the Debtor.

**I.**

**THE PROPOSED COMPENSATION OF THE INSIDERS IS PATENTLY  
UNREASONABLE.**

On April 30, 2013, the Debtor filed its Voluntary Petition for relief under chapter 11 of the Bankruptcy Code.

On May 1, 2013, the Debtor submitted the Notices on behalf of Thomas Kreiss and Loren Kreiss seeking compensation as follows:

Name	Title	Proposed Salary	Car	Car Insurance	Medical Insurance	Expense
Thomas Kreiss	CEO & Chairman of the Board	\$378,754 Annually; or \$15,781.42 twice per month	2012 Mercedes S550; Lease Amount unstated	Amount Unstated	\$1,300/month	Unlimited
Loren Kreiss	Independent Consultant	\$246,816 Annually; or \$10,284 twice per month	2013 BMW 528i; Lease amount unstated	Amount Unstated	N/A	Unlimited
<b>Totals:</b>		<b>\$625,570 Annually</b>	<b>Unstated</b>	<b>Unstated</b>	<b>\$15,600 Annually</b>	<b>Unlimited</b>

Attached hereto as **Exhibit "A"** is a true and correct [redacted] copy of the Notice of Setting/Increasing Insider Compensation for Thomas J. Kreiss. Attached hereto as **Exhibit "B"** is a true and correct copy of the Notice of Setting/Increasing Insider Compensation for Loren Kreiss.

The Notices reveal that the Insiders received over \$625,570 in the twelve months prior to the Petition Date. These payments occurred while the Debtor was apparently insolvent and unable to pay its creditors. These payments also occurred while the Debtor collected customer deposits for orders that it either never delivered or never processed as ECS and CardFlex continue to receive charge backs for undelivered merchandise based on

1 transactions that that occurred several months prior to the Petition Date.

2 The Debtor's cash collateral budget projects that the Debtor will have net cash flow  
3 of only \$622,217 without accounting for payment of the Debtor's attorneys or other  
4 professional fees on projected gross revenue of \$1,505,000. [See, Ex. 1 to Declaration of  
5 Thomas Kreiss Doc. No. 12]. If the Debtor achieves its projected gross revenue in the next  
6 four (4) months and the Insiders only receive compensation for those four (4) months, then  
7 the Insiders' compensation would amount to more than 14% of the gross revenues of the  
8 Debtor during the liquidation not taking into account the cost of the car allowance, car  
9 insurance, medical insurance and expense reimbursements. On that basis alone, the  
10 proposed compensation -- greater than to 14% of gross revenue -- is patently unreasonable.  
11 Furthermore, this is more than the 8% commission of the liquidating agent. [See, Doc. No.  
12 13]. Couple this with the fact that the Debtor is insolvent, closing its business and all of its  
13 stores, has not been paying its debts, including rent on its main showroom, and collecting  
14 customer deposits for the past six (6) months or so without delivering the ordered  
15 furniture, the request becomes outrageous.

16 II.

17 **CREDITORS WILL RECEIVE LITTLE OR NOTHING IN THIS CASE.**

18 At this early stage of the case, it appears that creditors will receive a paltry  
19 dividend. Although the Debtor has yet to file its Schedules or Statement of Financial  
20 Affairs, the List of 20 Largest Creditors lists claims totaling more than **\$3,053,482**. [Doc.  
21 No. 1]. As a result, the payment to creditors in this case appears to me extremely small.  
22 Nonetheless, the Insiders will collect hundreds of thousands of dollars to oversee a  
23 liquidation for which a professional liquidator has been employed to manage.

24 The Notices give rise to a concern that the Debtor is not fully cognizant of its  
25 fiduciary duties to the creditors of this estate. This is particularly apparent from the  
26 exorbitant amounts that Debtor has provided, and seeks to continue providing, the Insiders.  
27 Concurrently with filing its petition under Chapter 11, the Debtor's fiduciary duties shifted  
28 from Debtor's equity holders to Debtor's creditors and as a result, ECS and CardFlex

request that until all creditors are paid in full, the Insiders' compensation should be denied.

**III.**

**DEBTOR HAS NOT PROVIDED SUFFICIENT EVIDENCE OF  
REASONABLENESS AS THEIR SERVICES ARE NOT NECESSARY TO  
CONDUCT THE LIQUIDATION.**

The Debtor seeks to continue these exorbitant salaries while it no longer has any operations and is seeking to liquidate its remaining inventory and close sole remaining store, thus winding down its business.

The Insiders are only entitled to reasonable compensation for their services. *In the Matter of All Seasons Industry, Inc.*, 121 B.R. 822, 825 (Bankr. N.D. Ind. 1990). Debtor bears the ultimate burden of proving that its insider compensation is reasonable where exigent circumstances are present or there appears to be the potential for abuse. *In the Matter of All Seasons Industry, Inc.*, 121 B.R. 822, 826-827 (Bankr. N.D. Ind. 1990). Moreover, the Court must scrutinize "the propriety of insiders bestowing upon themselves compensation which may be excessive and detrimental to the creditors." *In re Lyon & Reboli*, 24 B.R. 152, 154 (Bankr. E.D.N.Y. 1982) (citation omitted).

The Notices do not provide evidence that the proposed compensation is reasonable and provide little detail as to the functions and roles of the Insiders. This Debtor is no longer operating. To the contrary, it filed a motion to authorize the a store closing sale of its sole remaining showroom and to employ SPCI Promotions as the liquidating agent. This is a liquidating case that is being managed by a professional liquidating. Although the Notices identify the assigned duties of the Insiders would be to implement the liquidation sale, the Insiders have little to no role going forward as the liquidating agent will conduct the liquidation sale for less than what the Insiders seek as compensation. Furthermore, the assigned duties of the Insiders seem to overlap. The estate certainly does not require two (2) overpaid owners to perform identical duties which are being performed by a professional liquidator.

In sum, because the Debtor is winding down its business and closing its sole

1 remaining store, it has hired a professional liquidating to manage and conduct the  
2 liquidation sale, the proposed compensation will exceed 14% of the gross revenue and be  
3 greater than the liquidator's 8% commission, the Insiders' roles overlap amongst  
4 themselves and the liquidator, the requested compensation should be denied.

5 IV.

6 CONCLUSION

7 Based on the foregoing, ECS and CardFlex respectfully request that this Court deny  
8 the requested compensation or, at a minimum, reduce the amount of compensation  
9 received by the Insiders to reflect the financial situation in which Debtor finds itself and  
10 the limited role the Insiders will have in the coming months. ECS and CardFlex further  
11 request that the Court grant such other and further relief as the Court deems just and  
12 proper.

13  
14 Dated: May 14, 2013

RUTAN & TUCKER, LLP  
ERIC J. FROMME

15  
16 By: /s/ Eric J. Fromme

17 Eric J. Fromme  
18 Attorneys for Creditor  
19 Electronic Cash Systems, a division of  
20 US Alliance Group, and CardFlex Inc.  
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# EXHIBIT A

Attorney Name, Address, Telephone and Fax MARTIN J. BRILL (SBN 53220) JULIET Y. OH (SBN 211414) LINDSEY L. SMITH (SBN 265401) LEVENE, NEALE, BENDER, YOO & BRILL LLP. 10250 Constellation Boulevard, Suite 1700 Los Angeles, California 90067 Telephone: (310) 229-1234; Facsimile: (310) 229-1244 Email: <a href="mailto:mjb@lnbyb.com">mjb@lnbyb.com</a> , <a href="mailto:jyo@lnbyb.com">jyo@lnbyb.com</a> , <a href="mailto:lis@lnbyb.com">lis@lnbyb.com</a>	File with U.S. TRUSTEE Only  <div style="text-align: center;"> <b>RECEIVED</b>  <b>2013 MAY -1 P 3:44</b>          OFFICE OF US TRUSTEE          LOS ANGELES CA       </div>
<b>UNITED STATES BANKRUPTCY COURT CENTRAL DISTRICT OF CALIFORNIA</b>	
In re:  KREISS ENTERPRISES, INC.,  <div style="text-align: right;">Debtor(s)</div>	Chapter 11 Case Number  2:13-bk-21466-NB
<b>NOTICE OF SETTING/INCREASING INSIDER COMPENSATION</b>	

1. Name of Insider:	Thomas J. Kreiss
2. Relationship to Debtor (i.e. owner, partner, officer, director, shareholder).	Chief Executive Officer and Chairman of the Board
3. Date when relationship with Debtor commenced:	1974
4. Position title:	Chief Executive Officer and Chairman of the Board
5. Position Description:	Oversee Business Operations
6. Assigned Duties:	Makes all financial and other decisions for the company, directly manages all of the company employees, and directs and decides the brand design and advertising decisions concerning the company. Acts as liaison for the company with investment banker and attorneys for the Debtor. Throughout the bankruptcy case, will assist as needed in connection with Debtor's Chapter 11 bankruptcy case including in connection with the implementation of a liquidation sale, the formulation of a plan of reorganization and the wind-down of the case.
7. Date employed in current position:	March 5, 2012
8. If previously employed by Debtor within past two years in a different position, state position(s) and date(s).	Executive Vice President, 1974 through March 4, 2012
9. Number of hours worked per week:	50 to 60 hours
10. Total amount of compensation and payment interval:	Annual Salary of \$378,754
11. Breakdown of compensation (specify	

amount and payment interval.	
Salary:	\$15,781.42 twice per month
Perquisites (total, detail below):	
Car Allowance:	Mr. Kreiss uses a vehicle (2012 Mercedes S550) which is paid for by the Debtor. The automobile insurance for such vehicle is also paid for by the Debtor.
Medical Insurance:	\$1,300/mo.
Life Insurance:	N/A
Business Expenses:	Reimbursement of reasonable out-of-pocket business expenses.
Other (Specify):	
12. Identify the source of the funds to be used to pay compensations specified in No. 10:	Revenue generated by business operations and anticipated debtor-in-possession financing.
13. Date and amount of last increase in compensation:	Last increase unknown (there has been no increase for several years).
14. Identify any creditor who asserts a security interest (whether or not Debtor disputes the validity thereof) in the receipts generated by the operation of the Debtor's business and the amount of its claim:	Internal Revenue Service
15. Specify all compensation, perquisites, loans, benefits etc. received by insider from the Debtor during the twelve month period immediately preceding the filing of the Chapter 11 Petition (Attach W-2, 1099, Individual Payroll Cards and other related forms):	
Compensation:	Compensation of \$382,812 from May 2013 through April 2013
Loans:	None
Perquisites (Specify):	Benefits included medical and dental insurance, use of a vehicle and automobile insurance paid by the Debtor, and the reimbursement of reasonable out of pocket business expenses.

I declare under penalty of perjury that the answers contained in the foregoing Notice are true and correct.

Dated: 4/29/13  
*Thomas Kreiss*

Thomas Kreiss, Chief Executive Officer of Debtor

Signature of Authorized Agent for Debtor

Attach proof of service on Creditors= Committee or the Twenty Largest Creditors if no committee has been formed, and to any secured creditors that claim an interest in cash collateral.  
If this notice pertains to setting compensation, it must be filed and served fifteen days before any pay out of compensation, although compensation may be accrued during this period.  
If this notice pertains to an increase in compensation, it must be filed and served thirty days before the date when the proposed increase takes effect.



Void <input type="checkbox"/>		Employee's social security number		OMB No. 1545-0008 OLN		000400		001005			
b Employer identification number (EIN)				1 Wages, tips, other compensation 378754.00		2 Federal income tax withheld 800.00					
c Employer's name, address, and ZIP code KREISS ENTERPRISES INC 9100 WILSHIRE BOULEVARD, BEVERLY HILLS CA 90212				3 Social security wages 110100.00		4 Social security tax withheld 4624.20					
				5 Medicare wages and tips 378754.00		6 Medicare tax withheld 5491.93					
				7 Social security tips		8 Allocated tips					
d Control number 001005 LOSA/OLN				9		10 Dependent care benefits					
e Employee's first name and initial Last name THOMAS J KREISS 9100 WILSHIRE BOULEVARD SUITE 250W BEVERLY HILLS CA 90212				11 Nonqualified plans		12a See instructions for box 12					
				13 Statutory employee Retirement plan Third-party sick pay <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>		12b					
				14 Other 858.85 CA SDI		12c					
						12d					
f Employee's address and ZIP code											
15 State Employer's state ID number CA		16 State wages, tips, etc. 378754.00		17 State income tax		18 Local wages, tips, etc.		19 Local income tax		20 Locality name	

Form **W-2** Wage and Tax Statement

2012

Department of the Treasury—Internal Revenue Service  
For Privacy Act and Paperwork Reduction  
Act Notice, see separate instructions.

Copy D — For Employer.

EXHIBIT A, PAGE 8

DECLARATION OF SERVICE

I declare that I am over the age of 18 and not a party to this action. I am an employee in the offices of a member of the State Bar of this Court at whose direction the service was made. My business address is 10250 Constellation Blvd., Suite 1700, Los Angeles, CA 90067.

I make this declaration regarding service by U.S. Mail of the following notices:

- *Notice of Setting Insider Compensation For Thomas Kreiss*
- *Notice of Setting Insider Compensation For Loren Kreiss*

I have personal knowledge of the facts set forth below and, if called as a witness, I could and would competently testify thereto.

On May 1, 2013, I caused the aforementioned documents to be served by U.S. Mail to those parties indicated on the attached service list.

Executed this 1<sup>st</sup> day of May 2013 at Los Angeles, California.

I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct.

/s/ Stephanie Reichert  
Stephanie Reichert

Kreiss Enterprises, Inc.  
OUST, Top 20, Secured

Office of the U.S. Trustee  
Dare Law  
725 S Figueroa St., 26th Fl.  
Los Angeles, CA 90017

IRS/OHIO  
P.O. BOX 145595  
CINCINNATI, OH 45250

MEHITABEL INC.  
PO BOX 331  
CEBU, CE 6000

SPCI-PROMOTIONS, INC  
3650 S YOSEMITE ST, STE 408  
DENVER, CO 80237

AJA RUGS, INC.  
955 PROSPECT  
LA JOLLA, CA 92037

CAMINO SANTA FE INVESTMENT LLC  
6749 TOP GUN ST STE 104  
SAN DIEGO, CA 92121

CROCKER DOWNTOWN DEVELOPMENT  
SDS 12-2563, PO BOX 86  
MINNEAPOLIS, MN 55486-2563

Karl Swanson  
101 International Way  
MISSOULA, MT 59808-6630

ENKEBOLL, INC  
16506 AVALON BLVD  
CARSON, CA 90746

GAINEY VILLAGE RETAIL CENTER  
PO BOX 310290  
DES MOINES, IA 50331-0290

GARY & JONI KAWAGUCHI  
911 ANACAPA  
Irvine, CA 92602

JUAN JOSE DANZOS  
Marso Home Collection  
7509 Girard Avenue  
La Jolla, CA 92037

LDC PARTNERS  
UNIT F, DEPT LA 23329  
PASADENA, CA 91185-3329

MARGE CARSON INC.  
1260 E. GRAND AVENUE  
POMONA, CA 91766

MARK & ERIKA KIESEL/LOWE  
22 CHERRY HILLS LANE  
NEWPORT BEACH, CA 92660

MARK ONO  
31018 MARNE DRIVE  
RANCHO PALOS VERDES, CA 90275

MEHITABEL INCORPORATED  
PLANT 1 - SANSON ROAD, LAHUG  
CEBU CITY 6000, PHILIPPINES

MERCATO LLP  
NW 584319, PO BOX 1450  
MINNEAPOLIS, MN 55485-5843

PENN RESIDENCE  
1580 STONE CANYON  
LOS ANGELES, CA 90077

RC FURNITURE  
1111 S. JELICK AVENUE  
INDUSTRY, CA 91748

RICHARD MACDONALD  
16 LOWER RAGSDALE DRIVE  
MONTEREY, CA 93940

ROBERT J. GOWING  
1707 LAKE ARBOR DR  
EL LAGO, TX 77586

TORREY PINES PROP. MANAGEMENT  
7858 IVANHOE AVENUE  
LA JOLLA, CA 92037

TSLV LLC  
25567 NETWORK PLACE  
CHICAGO, IL 60673-1255

WMCV PHASE 3 LLC  
C/O BANK OF AMERICA, FILE 749026  
LOS ANGELES, CA 90074-9026

# **EXHIBIT B**

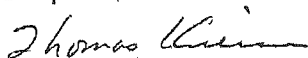
Attorney Name, Address, Telephone and Fax MARTIN J. BRILL (SBN 53220) JULIET Y. OH (SBN 211414) LINDSEY L. SMITH (SBN 265401) LEVENE, NEALE, BENDER, YOO & BRILL L.L.P. 10250 Constellation Boulevard, Suite 1700 Los Angeles, California 90067 Telephone: (310) 229-1234; Facsimile: (310) 229-1244	File with U.S. TRUSTEE Only  <div style="text-align: center;"> <p>RECEIVED</p> <p>2013 MAY -1 P 3:44</p> <p>OFFICE OF US TRUSTEE LOS ANGELES CA</p> </div>
<b>UNITED STATES BANKRUPTCY COURT CENTRAL DISTRICT OF CALIFORNIA</b>	
In re:  KREISS ENTERPRISES, INC.,  <div style="text-align: right;">Debtor(s)</div>	Chapter 11 Case Number  2:13-bk-21466-NB
<b>NOTICE OF SETTING/INCREASING INSIDER COMPENSATION</b>	

1. Name of Insider:	Loren Kreiss
2. Relationship to Debtor (i.e. owner, partner, officer, director, shareholder).	Nephew to Chief Executive Officer and Chairman of the Board of Debtor (Thomas Kreiss); Independent Contractor Consultant
3. Date when relationship with Debtor commenced:	Approximately August 2003
4. Position title:	Independent Contractor Consultant
5. Position Description:	Independent Contractor Consultant to assist with business operations and Chapter 11 bankruptcy case
6. Assigned Duties:	Act as liaison for the company with investment banker and attorneys for the Debtor. Assist as needed in connection with Debtor's Chapter 11 bankruptcy case including in connection with the implementation of a liquidation sale, the formulation of a plan of reorganization and the wind-down of the case.
7. Date employed in current position:	February 2013
8. If previously employed by Debtor within past two years in a different position, state position(s) and date(s).	Admin Employee, August 2003 to February 2013.
9. Number of hours worked per week:	40-60
10. Total amount of compensation and payment interval:	\$246,816 per year (as Independent Contractor)
11. Breakdown of compensation (specify amount and payment interval.	

Salary:	Compensation of \$10,284.00 paid twice per month (Compensation)
Perquisites (total, detail below):	
Car Allowance:	Mr. Kreiss uses a vehicle (2013 BMW 528i) which is paid for by the Debtor. The automobile insurance for such vehicle is also paid for by the Debtor.
Medical Insurance:	N/A
Life Insurance:	N/A
Business Expenses:	Reimbursement of reasonable out-of-pocket business expenses.
Other (Specify):	
12. Identify the source of the funds to be used to pay compensations specified in No. 10:	Revenue generated by business operations and anticipated debtor-in-possession financing.
13. Date and amount of last increase in compensation:	February 2013 – increase of \$35,616 per year (This increase was a result of switching Mr. Kreiss's status from an employee of the Debtor to an independent contractor. Mr. Kreiss's net income has remained constant notwithstanding this increase.)
14. Identify any creditor who asserts a security interest (whether or not Debtor disputes the validity thereof) in the receipts generated by the operation of the Debtor's business and the amount of its claim:	Internal Revenue Service
15. Specify all compensation, perquisites, loans, benefits etc. received by insider from the Debtor during the twelve month period immediately preceding the filing of the Chapter 11 Petition (Attach W-2, 1099, Individual Payroll Cards and other related forms):	
Compensation:	Compensation from May 2012-April 2013 is \$218,440. Benefits include medical and dental insurance through February 28, 2013, use of a vehicle and automobile insurance paid by the Debtor, and the reimbursement of reasonable out of pocket business expenses.
Loans:	
Perquisites (Specify):	

I declare under penalty of perjury that the answers contained in the foregoing Notice are true and correct.

Dated: April 30, 2013



Thomas Kreiss, Chief Executive Officer of Debtor

Signature of Authorized Agent for Debtor

Attach proof of service on Creditors' Committee or the Twenty Largest Creditors if no committee has been formed, and to any secured creditors that claim an interest in cash collateral.

If this notice pertains to setting compensation, it must be filed and served fifteen days before any pay out of compensation, although compensation may be accrued during this period.

If this notice pertains to an increase in compensation, it must be filed and served thirty days before the date when the proposed increase takes effect.

DECLARATION OF SERVICE

I declare that I am over the age of 18 and not a party to this action. I am an employee in the offices of a member of the State Bar of this Court at whose direction the service was made. My business address is 10250 Constellation Blvd., Suite 1700, Los Angeles, CA 90067.

I make this declaration regarding service by U.S. Mail of the following notices:

- *Notice of Setting Insider Compensation For Thomas Kreiss*
- *Notice of Setting Insider Compensation For Loren Kreiss*

I have personal knowledge of the facts set forth below and, if called as a witness, I could and would competently testify thereto.

On May 1, 2013, I caused the aforementioned documents to be served by U.S. Mail to those parties indicated on the attached service list.

Executed this 1<sup>st</sup> day of May 2013 at Los Angeles, California.

I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct.

/s/ Stephanie Reichert  
Stephanie Reichert



Kreiss Enterprises, Inc.  
OUST, Top 20, Secured

Office of the U.S. Trustee  
Dare Law  
725 S Figueroa St., 26th Fl.  
Los Angeles, CA 90017

IRS/OHIO  
P.O. BOX 145595  
CINCINNATI, OH 45250

MEHITABEL INC.  
PO BOX 331  
CEBU, CE 6000

SPCI-PROMOTIONS, INC  
3650 S YOSEMITE ST, STE 408  
DENVER, CO 80237

AJA RUGS, INC.  
955 PROSPECT  
LA JOLLA, CA 92037

CAMINO SANTA FE INVESTMENT LLC  
6749 TOP GUN ST STE 104  
SAN DIEGO, CA 92121

CROCKER DOWNTOWN DEVELOPMENT  
SDS 12-2563, PO BOX 86  
MINNEAPOLIS, MN 55486-2563

Karl Swanson  
101 International Way  
MISSOULA, MT 59808-6630

ENKEBOLL, INC  
16506 AVALON BLVD  
CARSON, CA 90746

GAINEY VILLAGE RETAIL CENTER  
PO BOX 310290  
DES MOINES, IA 50331-0290

GARY & JONI KAWAGUCHI  
911 ANACAPA  
Irvine, CA 92602

JUAN JOSE DANZOS  
Marso Home Collection  
7509 Girard Avenue  
La Jolla, CA 92037

LDC PARTNERS  
UNIT F, DEPT LA 23329  
PASADENA, CA 91185-3329

MARGE CARSON INC.  
1260 E. GRAND AVENUE  
POMONA, CA 91766

MARK & ERIKA KIESEL/LOWE  
22 CHERRY HILLS LANE  
NEWPORT BEACH, CA 92660

MARK ONO  
31018 MARNE DRIVE  
RANCHO PALOS VERDES, CA 90275

MEHITABEL INCORPORATED  
PLANT 1 - SANSON ROAD, LAHUG  
CEBU CITY 6000, PHILIPPINES

MERCATO LLP  
NW 584319, PO BOX 1450  
MINEAPOLIS, MN 55485-5843

PENN RESIDENCE  
1580 STONE CANYON  
LOS ANGELES, CA 90077

RC FURNITURE  
1111 S. JELICK AVENUE  
INDUSTRY, CA 91748

RICHARD MACDONALD  
16 LOWER RAGSDALE DRIVE  
MONTEREY, CA 93940

ROBERT J. GOWING  
1707 LAKE ARBOR DR  
EL LAGO, TX 77586

TORREY PINES PROP. MANAGEMENT  
7858 IVANHOE AVENUE  
LA JOLLA, CA 92037

TSLV LLC  
25567 NETWORK PLACE  
CHICAGO, IL 60673-1255

WMCV PHASE 3 LLC  
C/O BANK OF AMERICA, FILE 749026  
LOS ANGELES, CA 90074-9026

## PROOF OF SERVICE OF DOCUMENT

I am over the age of 18 and not a party to this bankruptcy case or adversary proceeding. My business address is:  
611 Anton Blvd., Ste. 1400, Costa Mesa, CA 92626.

A true and correct copy of the foregoing document entitled (*specify*): **OBJECTION TO NOTICES OF INSIDER  
COMPENSATION FOR THOMAS J. KREISS AND LOREN KREISS** will be served or was served (**a**) on the judge in  
chambers in the form and manner required by LBR 5005-2(d); and (**b**) in the manner stated below:

1. **TO BE SERVED BY THE COURT VIA NOTICE OF ELECTRONIC FILING (NEF)**: Pursuant to controlling General  
Orders and LBR, the foregoing document will be served by the court via NEF and hyperlink to the document. On (*date*)  
May 14, 2013, I checked the CM/ECF docket for this bankruptcy case or adversary proceeding and determined that the  
following persons are on the Electronic Mail Notice List to receive NEF transmission at the email addresses stated below:

- Joseph M Adams jadams@lawjma.com
- Martin J Brill mjb@lnbrb.com
- Eric J Fromme efromme@rutan.com
- Paul T Johnson ptj@paultjohnson.com, admin@ptjlaw.com; desiree@ptjlaw.com
- Mary D Lane mal@msk.com, mec@msk.com
- Dare Law dare.law@usdoj.gov
- Susan I Montgomery susan@simontgomerylaw.com
- Juliet Y Oh jyo@lnbrb.com, jyo@lnbrb.com
- Ernie Zachary Park ernie.park@bewleylaw.com
- Kristen N Pate ggpbk@ggp.com
- Tina M Pivonka tpivonka@mulvaneybarry.com, ihector@mulvaneybarry.com
- Lindsey L Smith lls@lnbyb.com
- United States Trustee (LA) ustpreion16.la.ecf@usdoj.gov

☐ Service information continued on attached page

### 2. **SERVED BY UNITED STATES MAIL:**

On (*date*) May 14, 2013, I served the following persons and/or entities at the last known addresses in this bankruptcy  
case or adversary proceeding by placing a true and correct copy thereof in a sealed envelope in the United States mail,  
first class, postage prepaid, and addressed as follows. Listing the judge here constitutes a declaration that mailing to the  
judge will be completed no later than 24 hours after the document is filed.

Hon. Neil W. Bason  
United States Bankruptcy Court  
255 E. Temple Street, Suite 1552  
Los Angeles, CA 90012

☒ Service information continued on attached page

3. **SERVED BY PERSONAL DELIVERY, OVERNIGHT MAIL, FACSIMILE TRANSMISSION OR EMAIL** (*state method  
for each person or entity served*): Pursuant to F.R.Civ.P. 5 and/or controlling LBR, on (*date*) \_\_\_\_\_, I served the  
following persons and/or entities by personal delivery, overnight mail service, or (for those who consented in writing to  
such service method), by facsimile transmission and/or email as follows. Listing the judge here constitutes a declaration  
that personal delivery on, or overnight mail to, the judge will be completed no later than 24 hours after the document is  
filed.

☐ Service information continued on attached page

I declare under penalty of perjury under the laws of the United States that the foregoing is true and correct.

May 14, 2013  
Date

Cecilia Solórzano  
Printed Name

/s/ Cecilia Solórzano  
Signature

Kreiss Enterprises, Inc.  
OUST, Top 20, Secured

Office of the U.S. Trustee  
Dare Law  
725 S Figueroa St., 26th Fl.  
Los Angeles, CA 90017

IRS/OHIO  
P.O. BOX 145595  
CINCINNATI, OH 45250

MEHITABEL INC.  
PO BOX 331  
CEBU, CE 6000

SPCI-PROMOTIONS, INC  
3650 S YOSEMITE ST, STE 408  
DENVER, CO 80237

AJA RUGS, INC.  
955 PROSPECT  
LA JOLLA, CA 92037

CAMINO SANTA FE INVESTMENT LLC  
6749 TOP GUN ST STE 104  
SAN DIEGO, CA 92121

CROCKER DOWNTOWN DEVELOPMENT  
SDS 12-2563, PO BOX 86  
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Karl Swanson  
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MISSOULA, MT 59808-6630

ENKEBOLL, INC  
16506 AVALON BLVD  
CARSON, CA 90746

GAINEY VILLAGE RETAIL CENTER  
PO BOX 310290  
DES MOINES, IA 50331-0290

GARY & JONI KAWAGUCHI  
911 ANACAPA  
Irvine, CA 92602

JUAN JOSE DANZOS  
Marso Home Collection  
7509 Girard Avenue  
La Jolla, CA 92037

LDC PARTNERS  
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PASADENA, CA 91185-3329

MARGE CARSON INC.  
1260 E. GRAND AVENUE  
POMONA, CA 91766

MARK & ERIKA KIESEL/LOWE  
22 CHERRY HILLS LANE  
NEWPORT BEACH, CA 92660

MARK ONO  
31018 MARNE DRIVE  
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CEBU CITY 6000, PHILIPPINES

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RC FURNITURE  
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EL LAGO, TX 77586

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CHICAGO, IL 60673-1255

WMCV PHASE 3 LLC  
C/O BANK OF AMERICA, FILE 749026  
LOS ANGELES, CA 90074-9026